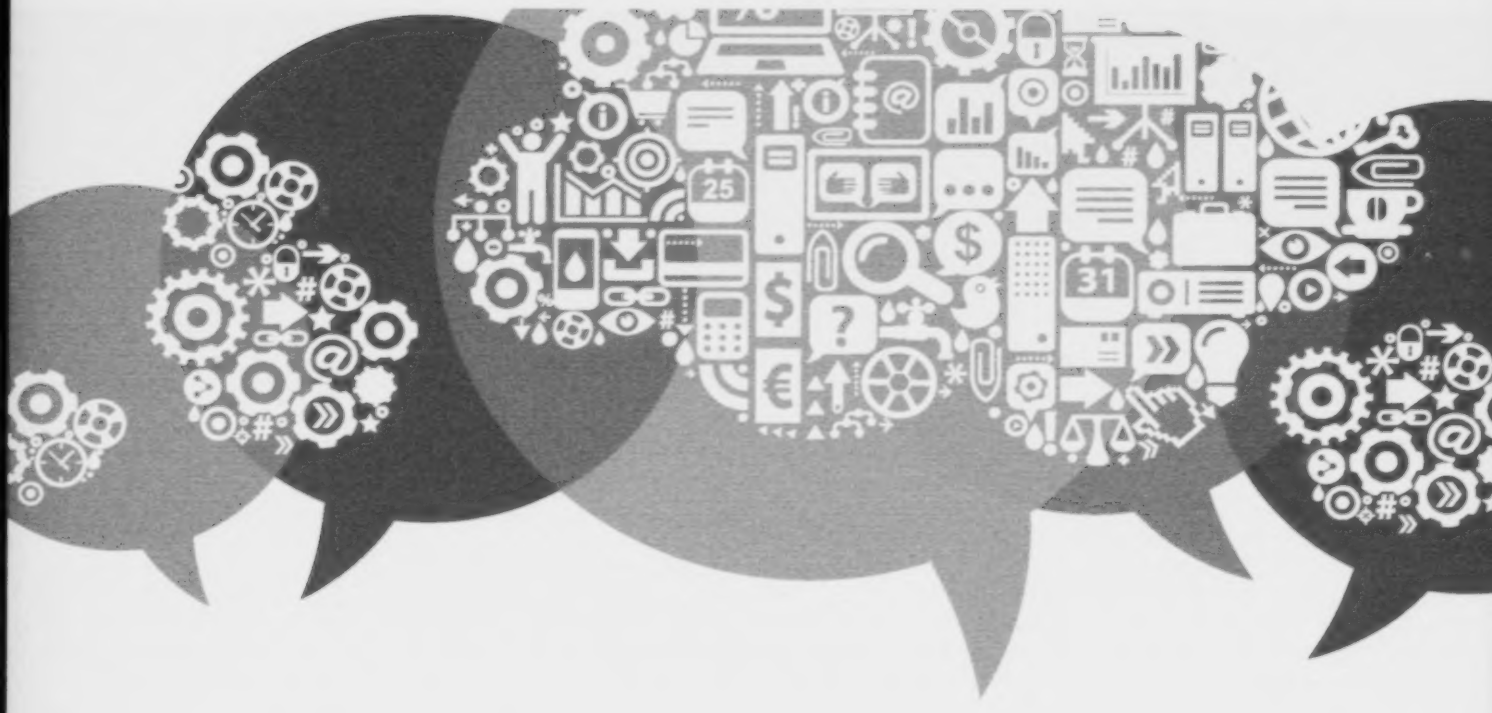
2015 Annual Report



CONSUMER
PROTECTION BC

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Message from the Board Chair and CEO

On behalf of our Board of Directors, staff and stakeholders, we are pleased to present Consumer Protection BC's 2015 Annual Report.

2015 was a busy year. Close to 2,000 motion pictures and trailers were classified, over 8,500 business licences were issued or renewed, 337 business inspections were completed throughout the province, and consumers and businesses accessed information on our website more than 1.1 million times.

Our 2015 – 2017 Strategic Business Plan focuses on three over-riding goals to ensure we meet our commitment to British Columbians and our mandate under the *Business Practices and Consumer Protection Authority Act*:

Goal 1: Ensuring regulated businesses comply with the required regulations
Goal 2: Providing relevant, accurate and accessible information
Goal 3: Building a high-performance organization

To meet our responsibility to maintain a fair marketplace for consumers in the areas in which we regulate, Consumer Protection BC works closely with the businesses we regulate, both the Ministry of Public Safety and Solicitor General (formerly the Ministry of Justice) and other government ministries. British Columbia's consumers benefit through our regulation of businesses. They are also helped through our inquiry centre, website and social media platforms which provide up-to-date information on consumer-related issues and avenues through which issues and concerns can be resolved.

Consumer Protection BC is one of many entities which have consumer protection mandates. We receive consumer inquiries on topics both inside and outside of our delegated authority. In 2015, Consumer Protection BC embarked on a multi-year research project which will inventory organizations that contribute to consumer protection landscape within the province. When complete, the project will provide added awareness and alert consumers to organizations that can help them directly. It will also help Consumer Protection BC in delivering quality services to consumers who seek assistance - regardless of their issue - by better connecting consumers with the organizations that can help them most effectively. This first report is expected to be complete in 2016.

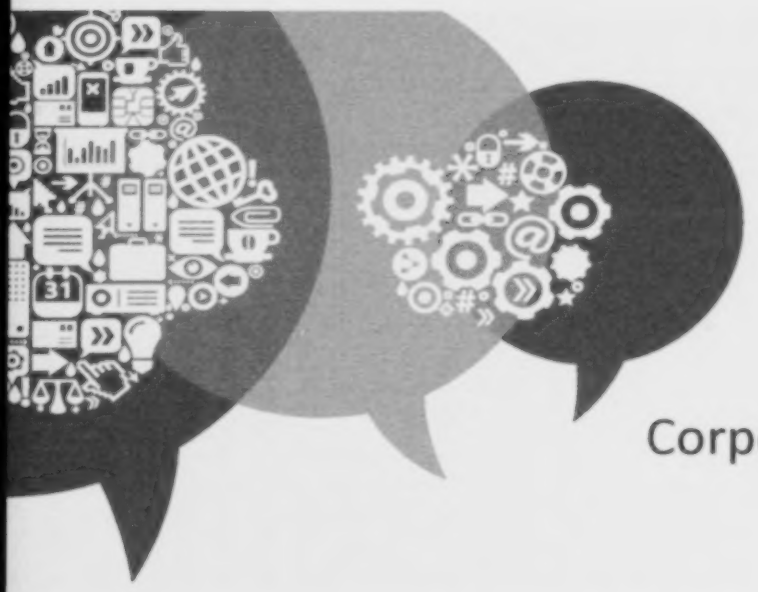
Looking forward, Consumer Protection BC will work to better educate consumers and BC businesses through our speaker's bureau program. Our efforts to ensure consumers are better informed about issues relating to their e-commerce transactions will be given continued emphasis, as will our close liaison with the businesses we regulate.

Included in this report is a financial overview of our organization. Our detailed and audited 2015 financial statements are published separately and are available on our website, at www.consumerprotectionbc.ca.

We would like to thank our Board, stakeholders and staff for their contributions throughout 2015 to the ongoing pursuit of our vision and mission. Looking ahead, we will continue to tighten our focus on our mandate, understanding that we fulfill an integral role in ensuring fair business practices in British Columbia. We look forward to continuing to serve our stakeholders in the years ahead.

Douglas Enns
Board Chair

Rob Gialloreto
President and CEO



Corporate Overview

Who We Are

Consumer Protection BC is the regulator of a variety of industries and specific consumer contracts in the province. Our purpose is to license and inspect regulated businesses, respond to consumer inquiries, investigate alleged violations of consumer protection laws and educate consumers and businesses about their rights and responsibilities under the law.

Consumer Protection BC is a small team of dedicated and passionate individuals based in our Victoria and Burnaby offices.

In the public interest and through the authority delegated by the Province of British Columbia, Consumer Protection BC is responsible for administering three Acts:

- *Business Practices and Consumer Protection Act* [SBC 2004]
- *Cremation, Interment and Funeral Services Act* [SBC 2004]
- *Motion Picture Act* [RSBC 1996]

We are financed primarily through licensing revenues. Licensed businesses and occupations fully fund the annual and on-going cost of regulation.

What We Do

We deliver consumer protection services throughout British Columbia by:

- Licensing specific businesses and occupations
- Inspecting licensed businesses and occupations to ensure they operate in accordance with B.C.'s consumer protection laws
- Investigating alleged violations of consumer protection laws, and using progressive enforcement actions to hold businesses and occupations accountable
- Providing information so consumers can self-assess the fairness of a transaction
- Providing solution-oriented information, resources and tools for consumers affected by unfair transactions
- Classifying all motion pictures exhibited in B.C., and all adult motion pictures sold in retail stores
- Regulating certain business transactions including credit reporting, gift cards and elements of specific consumer contracts
- Providing insight to government on emerging issues that support the development or enhancement of consumer protection laws

Who We License

Consumer Protection BC is responsible for regulating the following businesses and occupations:

- Travel agencies, wholesalers and accommodation providers
- Telemarketers
- Debt collection agencies, debt collectors, bailiffs and debt repayment agencies
- Funeral services providers, funeral directors, embalmers, cemeteries and crematoria
- Motion picture retailers, distributors and theatres
- Home inspectors
- Payday lenders

How We Help Consumers

We assist consumers through a number of communication channels such as our inquiry unit, traditional and social media, our corporate website, email and consumer events. Our primary focus is to provide solutions to consumers affected by an unfair transaction in the marketplace as defined by the consumer protection laws which we administer.

In order to provide solutions for consumers, they must first be made aware of the services we offer. Then, when contacted by a consumer affected by an unfair transaction, we determine the nature and specifics of the complaint. The consumer is then directed to the most appropriate solution. Examples of solutions that we are able to provide are self-help tools, online dispute resolution, claim processes or an external referral. In some cases, consumer complaints may be escalated to our enforcement team, which could trigger an investigation and additional efforts to find solutions for consumers.

Consumer Protection BC is sensitive to a marketplace that is changing as a result of technology and modes of business service/product delivery. An example of this is the changes to the regulation of the debt settlement sector introduced by government in 2015. These changes, which are to be administered by us, led to a debt repayment business model that was relatively new in the province and provides greater protection for consumers.

Purpose

The purposes of Consumer Protection BC are to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace and to administer in the public interest any Act, the administration of which is delegated to the Authority.

Vision

A province where all citizens of British Columbia are empowered in their transactions as a result of rigorous and consistent business compliance and through the provision of solution-based information.

Corporate Values

Our corporate values are developed by our staff and are cascaded throughout the operations and governance of our organization. We have five corporate values:

Trust:
We consistently come from a belief that we have the best interests of the organization and each other at the heart of everything that we do.

Accountability:
We hold ourselves in ownership of, and take responsibility for, everything that we do.

Integrity:
We behave in an honest and transparent way with each other.

Excellence:
We are passionate, enthusiastic professionals continually seeking to deliver with a high level of quality.

Impact:
We consistently strive to make a positive difference in the lives of British Columbia.

Our five values culminate in an overarching values statement, as follows:

We believe in accountability to ourselves and to each other, in the investment and maintenance of integrity, and in the pursuit of excellence in the delivery of services that ultimately make a positive difference in the lives of British Columbians.

Board of Directors

Douglas Enns
Chair, Board of Directors
Chair, Finance & Audit Committee

Deborah K. Lovett
Director

Julie Winram Jang
Director
Chair, Governance & Nominating Committee

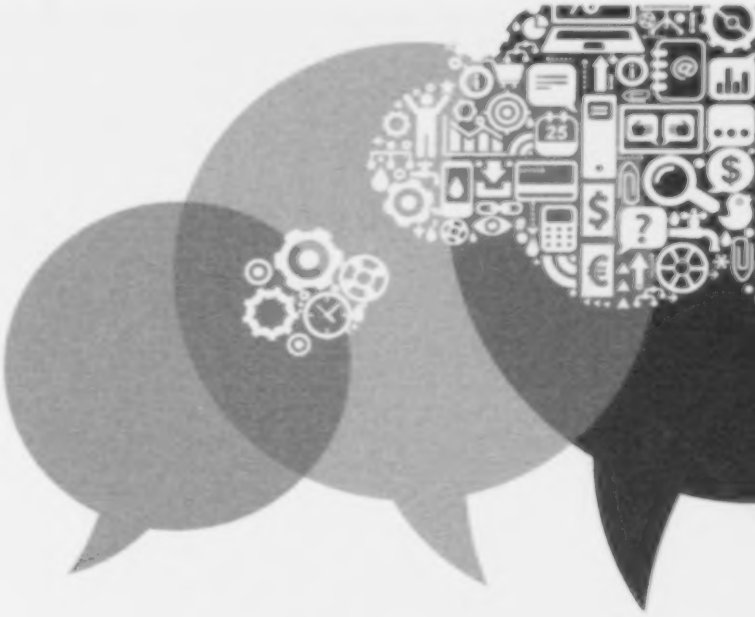
Anar Popatia
Director

Dennis Cote
Director
Chair, Human Resources & Compensation Committee

Paulette Parry
Director

2015 Year in Review

8,777 CONSUMER CALLS AND EMAILS ANSWERED
CONSUMERS HAVE RECEIVED MORE THAN $44,918 IN RESTITUTION
8,527 LICENCES ISSUED OR RENEWED FOR OUR REGULATED INDUSTRIES
337 INSPECTIONS CONDUCTED AND 328 INVESTIGATIONS CLOSED
CONSUMERS AND BUSINESSES ACCESSED INFORMATION ON OUR WEBSITE MORE THAN 1,120,150 .CA TIMES
TRAVELLERS HAVE BEEN REFUNDED $176,226 THROUGH BC'S TRAVEL ASSURANCE FUND
1,884 GENERAL RELEASE MOVIES & TRAILERS WERE CLASSIFIED
$6,602.35 WAS DONATED TO LOCAL CHARITIES THROUGH OUR STAFF FUNDRAISING PROGRAM



Meeting our Goals

Our Strategic Business Plan is approved annually by our Board of Directors after considering the analysis of operational and broad environmental factors which influence our strategic direction. During the strategic business planning process, the Board established three overarching goals which are presented below.

GOAL 1: Regulated Businesses in Voluntary Compliance

In 2015, we emphasized our primary role as a regulator. Wherever possible, we worked with businesses to achieve voluntary compliance with BC laws to create a level playing field for both businesses and consumers.

OBJECTIVE 1: Screen for compliance through licensing, inquiry and early resolution

An important objective of our complaint handling and compliance model is efficient and effective resolution of consumer issues. In 2015, our Online Dispute Resolution (ODR) tool played a vital role in this initiative, enabling consumers and businesses to be more independent and efficient in resolving disputes.

Debt-collection was identified as the first sector to try ODR due to the high volume of consumer inquiries. In spring 2015, we assembled focus groups comprised of debt collection agencies and consumers to examine ODR's possibilities. Subsequently, we piloted ODR as a voluntary early resolution tool for consumers with concerns regarding the behaviour of debt collectors. This program will be expanded to include more collection agencies in 2016.

Strategy	Result Highlights
Quickly and efficiently process licence and renewal applications using pre-inspection and screening to support initial compliance *Status: Complete*	• Developed inspection and financial review protocols in the funeral service sector. Started new processes for gathering and reviewing database indicators as a precursor to compliance inspections. This included more detailed information from funeral homes and cemeteries related to their trust accounting and banking processes. • Refined our pre-screening approach to review and assess issues that arise out of the licence application processes. This included clarifying and expanding our procedures for entering and reviewing financial information from travel agencies, contract information from payday lenders and review of letters used by collection agencies. This information is then used to determine risk and highlight opportunities for inspection.
Develop dispute resolution processes and tools to support early complaint resolution. *Status: Complete*	• Launched the ODR pilot project with five licensed debt collection agencies. • Used the outcomes from this pilot to develop a strategy for expanding use of ODR in the debt collection sector and beyond.

OBJECTIVE 2: Conduct compliance tests

Our compliance testing framework is a critical preventative element of our work as a regulator. Using a risk-management model, we identify businesses and sectors where current practices could disadvantage consumers. In 2015, we expanded our focus on risk-management to include random inspections and more specific measures related to follow-up inspections. We have also conducted administrative inspections which included pre-licensing, licence status and complaint-based inspections.

Chart 1: Types of Inspections 2015

Strategy	Result Highlights
Focus resources on high-risk violations *Status: Complete*	• Built and tested a revised funeral contract and care-fund inspection processes with four operators (two cemeteries and two funeral providers). • Identified and acted on high-risk businesses in our compliance program.
Conduct random inspections *Status: Complete*	• Of 337 compliance based inspections conducted in 2015, 79 were random inspections which was less compared to 112 in 2014.

Conduct follow-up inspections *Status: Complete*	• Conducted 142 follow-up inspections.

OBJECTIVE 3: Undertake investigations and enforcement to achieve compliance

When we find non-compliance, we undertake enforcement activities to help the business in question reach compliance, whether voluntarily or through specific actions including the issuance of orders, penalties or even prosecutions. In 2015, we continued this progressive approach to compliance and discipline, leading to an opportunity for businesses to better understand how to obtain voluntary compliance. Our measure of success is the degree to which BC businesses voluntarily comply with the law. Of the 160 files closed with an outcome, voluntary compliance was obtained in 74% of the files. For the remaining 26% of files, enforcement action in the form of undertakings, orders, administrative penalties, or licensing action was taken.

Chart 2: Compliance Results

Strategy	Result Highlights
Develop policies, procedures and resources to support consistent, balanced and reasonable enforcement measures *Status: Complete*	• Developed and instituted policies and procedures designed to increase fairness and consistency in case management and enforcement actions. These policy and procedure documents equip staff with resource materials and guidance in taking a consistent and balanced approach to compliance and enforcement activity. For example, we put into practice a revised investigation report template that will strengthen the quality of reports written by staff, and better assist businesses in understanding our enforcement program and their rights to be heard.
Provide case management methodologies and processes *Status: Complete*	• Designed a case assessment tool based on what we learned from other provinces and from initial work in compliance. This tool now supports efficient decision-making in both our inquiry centre and by our enforcement team, and provides clarity on priorities and actions to be taken depending on severity of the complaint.
Link low-impact enforcement measures to consumer information *Status: Complete*	• Used various awareness tactics to inform consumers of their door-to-door sales rights. • Wrote content for our corporate blog highlighting elements of common consumer contracts such as deposits and financial agreements. The blog content was viewed over 850 times and the information reached over 34,000 people through Facebook.

Performance Measure	2013	2014	2015
% random inspections of sample businesses resulting in compliance	-	98%	96%
% follow-up inspections resulting in compliance obtained	-	100%	98%
% consumer complaint files concluded with enforcement action	24%	31%	26%
% of complaints successfully resolved through our Online Dispute Resolution (ODR) tool	-	-	100% [1]

HELEN'S STORY

Payday Lending: Knowing the Rules Pays Off

Helen took out multiple payday loans from an online payday lender. When the company changed its business practices from e-transfers to distributing loans via credit cards, she was required to pay a $10 fee to receive the card. Something didn't seem right. Helen had been watching the news and heard a BC-based company was ordered to refund consumers for charging additional fees on cash cards. She went to Consumer Protection BC's website and started looking at payday lending rules. Based on what she found, Helen decided to reach out directly. "I wanted to see if it was a legitimate charge or not," she says. "My situation was so similar; it just couldn't be legal."

After filing a complaint with Consumer Protection BC, which reviewed her case, Helen received a cheque for over $1,300 – a reimbursement for interest charged on the non-compliant loans as well as the $10 credit card loading fee. "The Enforcement Inspector was great; my case was very well handled," says Helen. "I was surprised, and delighted. I honestly thought I would only get $10 back."

Helen encourages other consumers to know the rules and contact Consumer Protection BC right away if they know that a company is taking advantage of people by breaking the BC's consumer protection laws.

1. 15 cases were successfully resolved through the ODR platform in 2015.

GOAL 2: Relevant, Accurate and Accessible Information

In 2015, we focused on gathering, distilling, and distributing information and providing resources to help consumers and stakeholders better resolve their issues.

OBJECTIVE 1: Gather and distill information based on existing or emerging business, consumer and government needs

We gathered information relating to consumer transactions through inspections, consumer calls to our inquiry centre, stakeholder meetings, online platforms, consumer events and media monitoring. This valuable information was then shared with our stakeholders, including the provincial government, where we supported government's efforts in the policy-making and legislative amendment processes.

Strategy	Result Highlights
Gather accurate and timely information *Status: Complete*	• Focused on gathering and reporting on payday lending statistical information as a result of the November 2014 licence renewal process.
Engage with government, businesses, consumers and other stakeholders to determine priorities and opportunities *Status: Complete*	• Provided substantial policy support and subject matter expertise regarding: amendments to the *Motion Picture Act*; regulatory amendments required to bring debt collection and repayment legislative amendments into force; supported government's review of BC's home inspector regulation; and government's analysis of the regulatory requirements for direct supervision of funeral director/embalmer apprentices. • Engaged with various industries and consumers based on a priority schedule outlined in our Stakeholder Engagement Plan.
Conduct, acquire or review independent research or other resources to enhance internal comprehension of information *Status: Ongoing*	• Initiated a multi-year research project designed to inventory organizations that make up BC's consumer protection landscape and develop an awareness of how consumers are protected. Based on this awareness, we can continue to develop as a timely solution provider for consumers.

OBJECTIVE 2: Distribute information through appropriate channels and methods

When providing information, we make sure that our messages are consistent, accurate, timely, easy to understand and accessible across a wide variety of channels appropriate to each audience. This includes traditional channels such as our toll-free inquiry line, brochures, earned media and event participation. We also have a credible online presence to share information and engage with our audience via our corporate website, blog, sector-specific web portals and social media platforms.

Strategy	Result Highlights
Coordinate internal processes to ensure common understanding, language and messaging *Status: Complete*	• Government announced new debt collection and repayment regulations late in the year. • Began work on the necessary operational changes, internal training and educational materials for our stakeholders in advance of the new debt collection and repayment regulations taking effect in April 2016.
Use traditional and digital marketing to promote our message to targeted audiences *Status: Complete*	• Used traditional and online advertising, events and social media to share information with specific audiences on topics within our mandate. • For example, we used public-service announcements on radio to share travel information with consumers in smaller communities across BC in the fall.
Leverage partnerships to expand the reach of information which has been distributed *Status: Complete*	• Implemented the 2015 media relations strategy which included the development of a comprehensive media room on our website. • Conducted face-to-face meetings with key consumer reporters to grow awareness of our organization and build trust.

OBJECTIVE 3: Provide resources to support the interpretation and use of information

We engaged with stakeholders and like-minded organizations on relevant and timely issues within our mandate. We also enhanced our communication tools to extend our reach and amplify our messages to the appropriate audiences. Our aim is to empower people to access the right information in the way they want it and as soon as possible, so that they can inform themselves effectively.

Strategy	Result Highlights
Continually enhance web and social media management *Status: Complete*	• Our Facebook page ended the year with more than 33,000 fans. Posts were seen by over 3.6 million consumers, who engaged with our content more than 67,500 times. • 5,300 + Twitter followers. • Blog posts were read approximately 136,000 times.
Maintain knowledge base of information that has been gathered and distilled over time *Status: Complete*	• Used our internal knowledge base of consumer and business issues to develop quarterly information packages for the travel, funeral and debt industries that were shared with key stakeholders. • Compiled existing and collected new information to develop Industry Intelligence Reports for each regulated sector, which are provided to the Board of Directors and employees quarterly. These reports focus on the macro trends which are influencing business practices in each sector in both the short and long term.

Use sound intake processes and tools to foster early complaint resolution, or provide referrals to external sources

- Enhanced consumer information on our website to better differentiate between issues that are within or outside our mandate.
- Streamlined and refined our complaint handling process based on these changes.

Status: Complete

Performance Measure	2015
% stakeholders satisfied with level of engagement	70%[2]
Success of campaigns	Action deferred[3]
# self-help tools downloaded versus complaints received	73:1[4]

CHARLOTTE'S STORY

Continuing Services Contract: No Flexibility in Yoga Studio Refund

Charlotte loves exercising and was excited to enroll in a specialized yoga practice at a local studio. She eventually agreed to purchase a $1000 year-long membership upfront and received a credit card receipt after the transaction but no contract.

When Charlotte found out that the studio was under new ownership, was offering a different type of yoga, and her membership could be transferred but that no refund would be give, she was frustrated. "The new owners weren't offering the specialized practice of yoga I signed up for. The previous owner had other locations she offered to transfer my membership to, but they were far from my home." Charlotte didn't want to sue the yoga studio but she knew she wasn't being treated fairly. On the advice of a close friend, Charlotte contacted Consumer Protection BC, which regulates elements of gym contracts.

Consumer Protection BC's investigation into the matter revealed that Charlotte had never received a copy of the contract and hadn't received a refund even after she provided an official notice of cancellation. Thanks to Consumer Protection BC's involvement, the studio owner provided Charlotte with a refund of $400. Charlotte was ecstatic and very appreciative of the excellent work provided by Consumer Protection BC.

"I was just thankful that somebody helped me. I thought my money was gone."

2. This result was 3% above target. This objective was supposed to be based on a new baseline satisfaction tool, but it only yielded 10 responses. The tool was suspended and not relaunched after mid-2015. The 30% of dissatisfied stakeholders represents responses from three home inspectors.
3. This initiative was put on hold for 2015, therefore there is no measure.
4. We opened 65 complaint files compared with 4,770 downloads of our self-help tools (debt collection and contract forms and letters) in 2015.

Events & Public Speaking Highlights

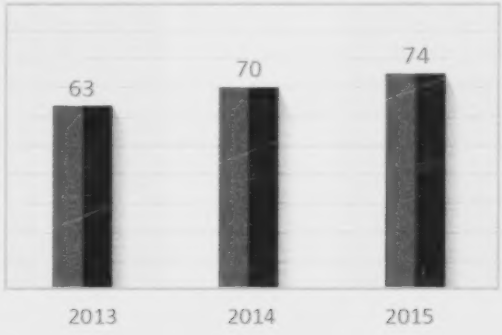
- Launched a corporate speakers' bureau, a program that coordinates opportunities for our staff to speak to the business community and consumer groups about industries we regulate and the best business practices. The purpose of the program is to build awareness of our services and enhance the public's understanding of our organization and mandate.
- Attended several annual general meetings and events hosted by our regulated industries and presented at the 2015 BC Funeral Association Conference and the Motion Picture Association Annual General Meeting. Attendees included both staff and members of the Board of Directors.
- Presented to both the Abbotsford and Kelowna Chambers of Commerce, and hosted sector "meet-and-greet" sessions with local licensees in Abbotsford and Kelowna.
- Made presentation at a film classification conference in South Korea at the invitation of the Korea Media Rating Board, along with representatives from Germany, Singapore, the Philippines, Japan, and Thailand.
- Engaged with stakeholders at several industry events and consumer events, including the annual conference of the Union of British Columbia Municipalities (UBCM) and the Senior Expo in Victoria.
- Participated in an inter-provincial conference on motion pictures in Québec City where we shared best practices and explored evolving issues with representatives from other jurisdictions, and organizations. We also met with our industry stakeholders from the distribution and exhibition sectors.
- Invited industry representatives to present to our Board of Directors as part of our ongoing industry relations efforts.

GOAL 3: High-Performance Organization

We aim to achieve organizational excellence in the areas of customer experience, employee satisfaction and engagement, and strong financial management. In 2015, we focused on employee engagement and development and maintaining our record of sustainable resource allocation.

Chart 3: Employee Engagement Index Score

*scores are out of 100



OBJECTIVE 1: Develop and deliver timely, respectful and professional services

We are committed to high standards of responsiveness and follow-through to our licensees, businesses and consumers. For 2015 through 2017, we are focusing on technology enhancements for our online service delivery, as well as improvements to our voice systems and call-handling processes. We also worked on internal platforms for more effective collaboration, thus improving our service for consumers. As noted in 2014, we are investing heavily over the next few years in new information technology tools that will enable our teams to work more efficiently and improve transparency for all stakeholders.

Strategy	Result Highlights
Develop efficient and timely tools and resources *Status: Complete*	• Successfully migrated our Integrated Regulatory Information System (IRIS) to a modern web-based platform.
Effectively and safely manage and interpret data, sharing as and when needed *Status: Complete*	• Developed a quarterly Industry Intelligence Report to help inform the Board of Directors and internal staff.

OBJECTIVE 2: Enhance our corporate culture to foster engagement, satisfaction, accountability and productivity

We are dedicated to our employees. Our human resources strategy focused on improving internal programs, policies and management practices identified to us by staff as areas for improvement.

Strategy	Result Highlights
Continually refine human resources plan to provide clarity for employees and certainty for employer *Status: Complete*	• Focused on check-in meetings, goal-setting meetings, one-on-one conversations, professional development, fostering frequent and open communication and staying up-to-date on human resources best practices.
Continually engage staff in the assessment and development of the current and future state of the organization *Status: Complete*	• Delivered the annual employee engagement survey. • Developed and reformed initiatives throughout the year to better serve the needs of both the employees and the organization.
Provide tools, resources and working conditions that foster satisfaction and productivity *Status: Complete*	• Utilized various tools to increase productivity and satisfaction among staff: a redesigned corporate training and development program; an enhanced focus on leadership effectiveness; and a Performance Development Program for excluded staff.

OBJECTIVE 3: Allocate organizational resources sustainably

Strong financial management is central to our sustainability. We continued to refine our tools for detecting marketplace risk and adapted our regulatory priorities accordingly. For instance, in 2015 we shifted our resources to focus on issues in the video retailing sector, and linked this effort to anticipated changes in the *Motion Picture Act* which would provide us with additional progressive enforcement tools to achieve compliance in the sector. When change occurred, we responded with a balanced approach to adjusting costs and revenues. We invested resources and effort where it found the best return, as well as ensuring value for our many stakeholders.

Strategy	Result Highlights
Monitor technology infrastructure and applications to ensure maximum productivity and protection of data *Status: Complete*	• Migrated our case management program to a modern application platform. This large project delivered increased data security, an improved user interface and set the stage for future system enhancements. • Developed a Request for Information & Qualifications to determine the most modern and innovative method to redevelop our business and information platforms.
Review, enhance, or develop controls to meet financial targets *Status: Complete*	• Instituted quarterly budget targets for 2016 to monitor and manage progress of activities against key milestones throughout the year.
Assess risk to mitigate unexpected outcomes and seek opportunities for enhancement *Status: Complete*	• Fully implemented our IT Disaster Recovery Plan. A decision was made to migrate our back-up methodology from tape-based to cloud-based in 2016. • Supported the Board of Directors in identifying and setting tolerances related to organization-wide areas of principal risk. • Completed both an internal audit of our Business Continuity Plan and an initial draft of our Crisis Management Plan.

Performance Measure	2013	2014	2015
% consumers assisted with the information we provided	-	-	57% [5]
% of consumers satisfied or very satisfied with the overall quality of our customer service	-	-	56% [6]
% of businesses satisfied or very satisfied with the overall quality of our processes	73%	75% [7]	77% [8]
% of businesses satisfied or very satisfied with the overall quality of our customer service	73%	77% [9]	91% [10]
Overall Employee Engagement Index Score – /100	63	70 [11]	74

JACK & LISA'S STORY

Future Performance Contracts: Paving the Way to a Consumer Refund

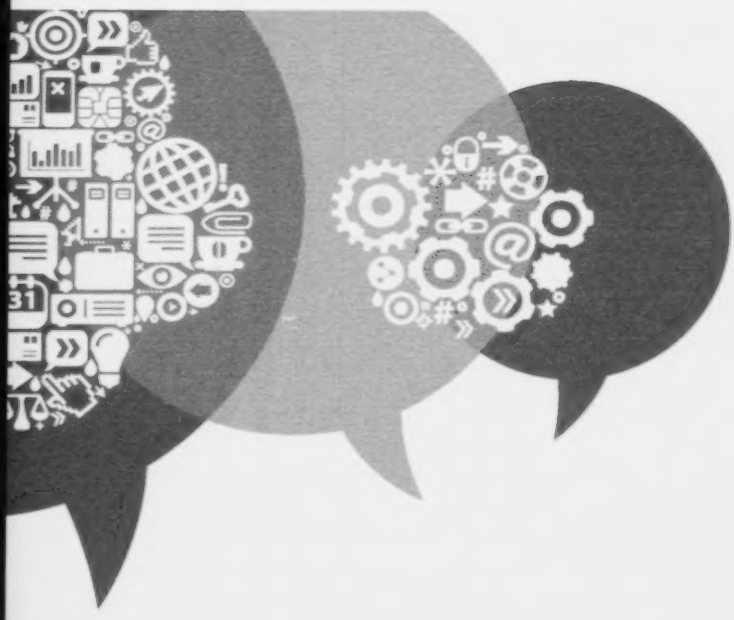
Jack and Lisa had just returned from a Home & Garden Show and were greatly impressed with a paving product showcased by a local provider. Not wasting any time, they called the company in to their home to provide an estimate and, after taking some measurements and drawing up a contract, the company requested a $650 deposit for the paving product. Jack and Lisa wrote the cheque and were looking forward to the next step in the process – installation. That step never came.

For months, the couple tried contacting the company without a response. Feeling like they might be getting ripped off, the couple called the company's head office, where a representative told them they would need to send in the original contract to recover their deposit. The couple provided it the very next day, but no deposit refund came.

Finally Jack and Lisa had had enough and contacted Consumer Protection BC. "They suggested that we start by sending a registered letter, which requires a signature upon delivery, to the head office to officially cancel the contract," says Jack. When the couple still hadn't received a response, Consumer Protection BC stepped in. The company was informed of their obligation under the Business Practices & Consumer Protection Act to refund the consumer for services not provided, and within 15 days of the consumer giving official notice of cancellation.

The final result? Jack and Lisa received their deposit back. "We are more than happy with the result of Consumer Protection BC's work", says Jack. **"It felt like we had someone on our side. We still think we would have never had that money back if it hadn't been for Consumer Protection BC."**

5. According to a general survey of 236 consumers who contacted us via phone, email or in writing, 57% indicated we were able to assist them with their issue. Our target was 70%. We noted that about 40% of the survey respondents indicated in the survey that their issue wasn't within our mandate. We will revise the survey in 2016 to focus only on those consumers with an issue within our mandate.
6. Using the same survey noted in (1) above, our responses showed 56% of consumers were satisfied with the overall level of customer service. Our target in this measure is 75%. Again, the individual question responses showed higher satisfaction with our customer service, but the overall satisfaction was impacted by the fact that in many cases, we could not resolve their issue.
7. Based on 61 responses to the licensing, classification and compliance team, customer satisfaction surveys conducted up to October 31, 2014.
8. Based on 89 surveys related to process quality completed for both the licensing and compliance teams in 2015.
9. Based on 57 responses to the licensing, classification and compliance team customer satisfaction surveys conducted up to October 31, 2014.
10. There were 90 surveys completed service quality for both the licensing and compliance teams in 2015.
11. The survey approach and methodology changed in 2014; as a result, the overall index score between 2013 and 2014 is based on different survey questions and variables.



Financial Review

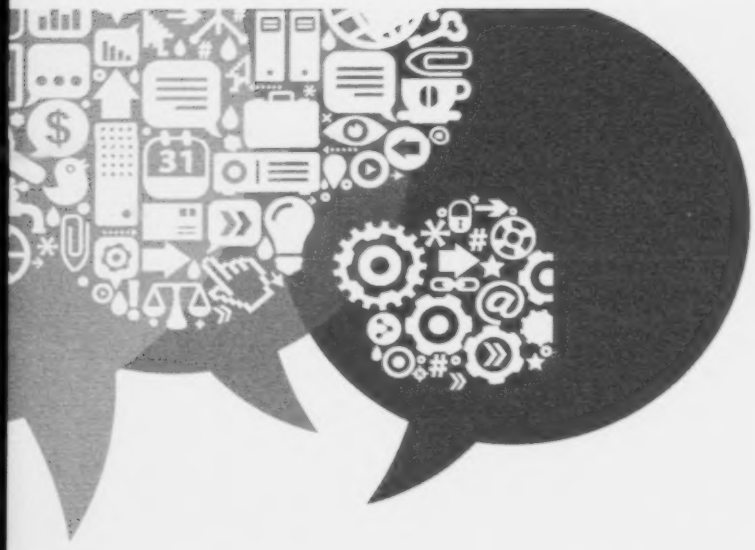
Financial Objectives

Consumer Protection BC endeavours to create financial reserves sufficient to enable us to continue to provide consumer protection services during any unforeseen event.

Financial Summary

The audited 2015 financial statements of Consumer Protection BC present an excess of revenue over expenses of $402,429. Revenue was $5.72 million, compared with $5.78 million in 2014. The decrease in revenues primarily reflects the change in market value of the investments held by Consumer Protection BC. Expenses were $5.34 million in 2015, compared with $5.67 million in 2014. The decrease in expenses primarily reflects modifications in staffing plans and subsequent unanticipated hiring delays, which resulted in reduced in wage and benefit costs.

The net asset balance increased to $3.37 million at December 31, 2015. Consumer Protection BC has met its goal of maintaining a three to four month operating reserve. To view a complete version of our audited financial statements, please visit the Publications section of our corporate website.



Appendix A: Operational Statistics

The following statistics reflect a three-year snapshot of our consumer outreach, media relations, licensing and regulatory operations. Our motion picture classification numbers are in Appendix C.

Number of Consumer Inquiries About Licensees:	2013	2014	2015
Debt Collection	1,955	1,729	1,258
Travel Industry	672	673	578
Cremation, Interment and Funeral Services	259	281	286
Telemarketing	131	86	59
Payday Loans	419	779	218
Home Inspectors	57	70	82
Film Classification	43	45	41
Response Time to Inquiries:			
Calls Answered Within Two Hours	98%	88%	95%
Calls Answered Live	91%	73%	86%
Total Number of Consumer Inquiries:	9,642	10,079	8,777 [12]

12. The shift in consumer inquiries reflects two major issues. In 2015 we fielded an unusual number of calls from consumers related to the refund process with Cash Store Financial Services Inc., a licensed payday lender. We have also seen an overall decline in inquiries directly to our inquiry centre, but a steady increase in the number of unique visits to our website – a trend we expect to continue as more consumers obtain their information online.

Number of Licences by Industry:	2013	2014	2015
Debt Collection, Bailiffs and Debt Poolers	5,257	4,689	4,410
Cremation, Interment & Funeral Services	654	660	575
Motion Picture & Video Retailers, Distributors & Theatres	2,346	2,305	1,581
Telemarketing	67	55	48
Travel Agents and Travel Wholesalers	1,205	1,255	1,243
Home Inspectors	517	488	426
Payday Lenders	285	281	244
Total Licences Issued:	10,331	9,733	8,527 [13]

Compliance Inspections:	2013	2014	2015
Debt Collection, Bailiffs and Debt Poolers	14	17	15
Cremation, Interment & Funeral Services	58	119	116
Motion Picture and Video Retailers, Distributors and Theatres	74	77	44
Telemarketing	10	5	3
Travel Agents and Travel Wholesalers	215	198	131
Home Inspectors	6	0	0
Payday Lenders	36	49	28
Total Compliance Inspections:	413	465	337
Enforcement:			
Debt Collection	68	63	54
Cremation, Interment & Funeral Services	36	30	26
Motion Picture and Video Retailers, Distributors and Theatres	66	56	34
Telemarketing	1	5	16
Travel Agents and Travel Wholesalers	144	74	56
Home Inspectors	15	9	5
Payday Lenders	26	14	15
Non-regulated Industries	61	42	122
Total Enforcement Files Concluded:	417	293	328
Assets, Recoveries and Restitution:			
Assets Frozen Under Order	$0	$6,383	$0
Costs Recovered	$37,747	$2,297	$3,090
Voluntary Restitution	$68,634	$39,249	$44,918
Ordered Restitution	$1,411	$2,191	$0

Media Relations:	2013	2014	2015
Media Contacts	158	142	102
Interviews	64	48	23 [14]
News Stories	214	224	306

13. While there has been an overall slow decline in the volume of licences issued, there were specific drops in the number of collection agents and video retailers. This is partly due to some consolidation in the sectors, as well as the continued decline in the home video rental market.

14. While the number of actual interviews have decreased, we often provided the media with information to answer their questions when the topic fell within our mandate and they did not request an interview. This was reflected in the higher number of stories that mention our organization or the laws that we administer.

Appendix B: Travel Assurance Fund

Administered by Consumer Protection BC, the Travel Assurance Fund is a fund of last resort that provides possible compensation in the event that a consumer paid for but was not provided with travel services purchased through a BC licensed travel agent or wholesaler. Over the past 10 years, more than 1,700 travellers have been refunded a total of more than $1.4 million through BC's Travel Assurance Fund.

Two business failures resulted in claims to the Travel Assurance Fund: Air World Tour & Travel Ltd., which ceased operations in February 2015, and Skyline Tours, which ceased operations in August 2015.

The Travel Assurance Fund made payments for losses incurred due to the failure of Air World Tour & Travel Ltd. and Skyline Tours. Payments were also made on claims that were carried forward from 2015, including Global Pacific, which closed in August 2014, and Safari Studios, which closed in December 2014. Many of these claims were paid in 2015 as claimants have six months from the date of their loss to submit a claim and provide sufficient documentation to support their claim.

Travel Assurance Fund Claims:		
Claims carried forward from 2014		12
Claims received in 2015		90
Reconsiderations received		2
Claims denied/closed:		34
Travel Industry Regulation 20(a)(ii)(A) - Obtained compensation from credit card issuer	1	
Does not meet Travel Industry Regulation 18(1)(a)	3	
Does not meet Travel Industry Regulation 18(1)(b)	1	
Does not meet Travel Industry Regulation 18(1)(c)	12	
Does not meet 19 limitation period for filing claims	9	
Claims closed due to insufficient information	8	
Claims approved		60
Claims carried forward to 2016		8
Total number of consumers impacted by approved claims		200
Amount paid out for approved claims		$176,226

Travel Assurance Fund Statement:		
Fund balance as of January 1, 2015		$5,445,708
Fund income		$157,225
Payments and expenses from the Travel Assurance Fund		$318,332
Fund balance as of December 31, 2015		$5,284,601

BRUCE & ANNE'S STORY

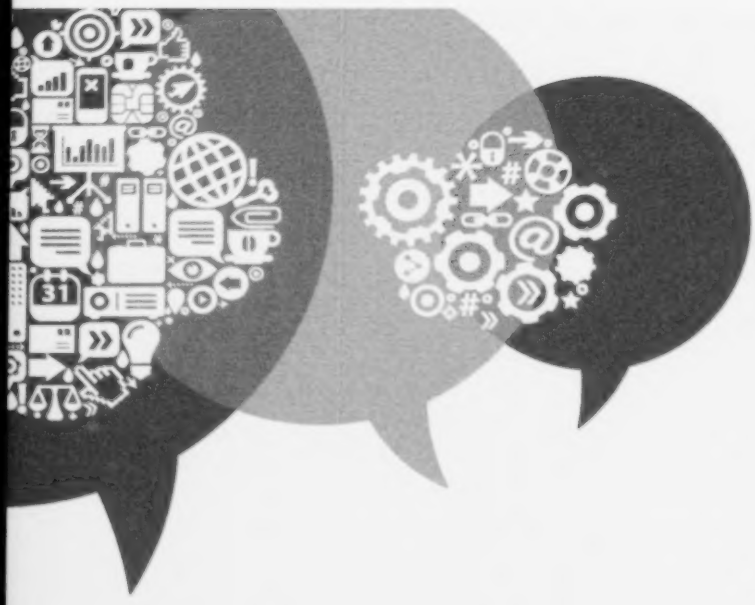
Travel Assurance Fund: A Happy Ending to Bruce's Great African Adventure

Bruce and his wife Anne were just three short weeks away from their once-in-a-lifetime trip to Africa. The couple purchased their vacation through a licensed travel agent, on the recommendation of their tour guide who had worked with the agent for years. A few weeks before their trip, Bruce received an unexpected email from his travel agent. The business had gone bankrupt. Bruce and Anne were not going to Africa.

"I was in shock, but I felt I should do whatever I could to protect myself," says Bruce. The travel agent sent a link to Consumer Protection BC's website, noting that some clients may be able to get help there.

Bruce called Consumer Protection BC right away. "I honestly wasn't expecting anything from the organization, and certainly not expecting to talk to someone so quickly." Bruce spent the next day and a half getting his paperwork together. Speaking to the process of the claim procedure, Bruce recalls **"I was able to phone in, more than once, and speak with the same person. I also faxed my paperwork attention to that person. I always felt like someone was there for me; it's not just a faceless bureaucracy."**

After some hard work and quick planning, Bruce and his wife were able to get to Africa, spending three extraordinary weeks meeting new people and soaking up the culture. Shortly after their return, Bruce received a cheque from Consumer Protection BC's Travel Assurance Fund, covering the majority of money he had paid to the licensed travel agent for services not received. "I feel very lucky to live in British Columbia, and it's a wonderful thing to have this assurance."



Appendix C: Administration of the *Motion Picture Act*

Consumer Protection BC has administered the *Motion Picture Act (MPA)* since 2007. Administering the *MPA* involves film classification, licensing, public and stakeholder relations, as well as compliance and enforcement services. Each year, our organization provides government with a report detailing our administration of the *MPA* and evaluating the following performance objectives listed in Section 8.06 of the administrative agreement with the Province of British Columbia:

- Response time in undertaking the powers, duties, and functions of the director under the *MPA*
- Public satisfaction in information provided by Consumer Protection BC
- The percentage of licensees under the *MPA* that are in compliance with the *MPA*
- Frequency of fee increases
- Fees charged to perform the powers, duties, or functions of the Director required under the *MPA* compared with costs of delivering the same powers, duties, or functions
- Administration costs as they relate to program costs

In 2015, Consumer Protection BC provided subject matter expertise to the Ministry of Public Safety and Solicitor General (formerly Ministry of Justice) related to its introduction of Bill 33, which was developed to modernize the *Motion Picture Act*. The changes provided us with the compliance mechanisms to more effectively regulate the profession and when combined with our existing consumer and business education tools, the changes also enhanced our ability to ensure a level playing field for motion picture licensees in BC.

Throughout the year, our Motion Picture Classification department viewed 1,884 general release exhibition trailers and motion pictures (14% more than in 2014). We also classified nearly 250 features for the province of Saskatchewan.

Service to our Stakeholders

We continued to provide comprehensive and timely motion picture classification information to our stakeholders on our motion picture web portal. We also expanded our offering of educational materials to help licensees understand their obligations, which included an update to the Theatre Managers Guide. This resource clearly outlines the responsibilities of motion picture exhibitors under the legislation and answers many frequently asked questions. This information helped us forge trusted relationships with our licensees that ultimately benefit consumers.

Motion Picture Classification:	2013	2014	2015
General release exhibition trailers & motion pictures viewed	1,725	1,655	1,884
General release exhibition trailers & motion pictures additional approvals	37,728	41,004	49,383

Public satisfaction in the information we provide

Immediately following reviews of our feature and trailer submissions, we publish our classification decisions on our motion picture web portal and our Twitter account. In 2015, we published 1,362 decisions, a 15% increase over 2014. This information helped consumers make informed decisions for themselves and their families prior to attending their local theatre. In 2015, the Recent Films and Classification Search pages on our website received a combined 108,000 visits, showing significant public interest in our reliable, comprehensive and timely information. Consumers accessed our information via social media, too: our most popular motion picture classification tweet received over 1,000 impressions in 2015.

A number of consumers contacted our Motion Picture Classification department in 2015. Subjects included our enabling legislation, business practices and our classification decisions. We received no complaints regarding the accuracy, reliability or timeliness of the information we provided to the public. We remain committed to looking for improved ways to grow our social media reach and educate consumers about motion picture classification via online channels.

Response Time:	2013	2014	2015
Processing adult video	3 days	3 days	2 days
Posting classification decisions	Same Day	1 day	Same Day
Processing video decal orders	2 days	2 days	1 day
Processing new adult-related licence applications	7 days	7 days	7 days
Processing new general release licence applications	2 days	2 days	4 days [15]
Processing licence renewal applications	2 days	2 days	4 days
Responding to consumer complaints	Live	2 days	1 day
Processing inspection reports	12 days [16]	12 days	12 days

15. Increase in days was due to staffing not due any change in process or complexity.
16. Inspection reports are not provided for the motion picture industries, but follow-up communications on unlicensed activity are provided within this 12-day period.

Financials

Fees charged to perform the powers, duties, or functions of the Director required under the *MPA* compared with costs of delivering the same powers, duties, or functions

Consumer Protection BC is authorized to set fees subject to Ministerial approval. We operate on a cost-recovery model, providing various services to motion picture distributors, retailers and theatres regulated under the *MPA*. Although licensing fees increased by 2% based on the results of a 2014 fee review for all sectors, classification fees stayed the same in 2015 and will do so until 2017. Our fee schedule is publicly available on our corporate website.

Fees Waivers

Under our current policy, review fees are waived for films submitted by registered BC societies and registered federal charities. In 2015, we classified 522 theatrical films for these groups, which was just under half of the total number of theatrical feature films reviewed.

Adult Market

Adult video submissions for approval continued the downward trend of the past six years. Shifts in consumer demands and changes in the retail landscape continue to affect the number of adult video retail licenses. In 2014, we licensed 85 adult retailers. In 2015, this number was reduced to 72.

Adult Video Classification:	2013	2014	2015
Adult videos reviewed	190	177	70
Adult video decals issued	65,091	72,160	19,824

Administration costs as they relate to program costs

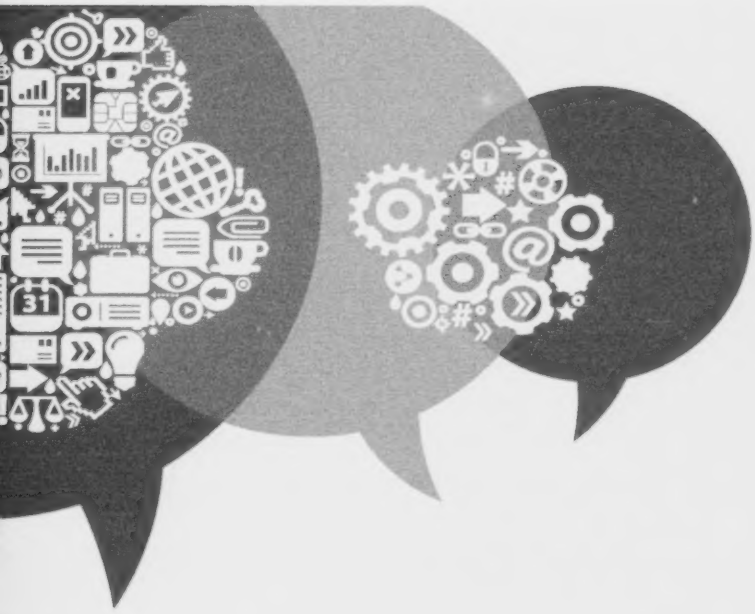
Consumer Protection BC operates on a cost-recovery basis: the classification and licensing fees we assess must cover all the direct (program) and indirect (administration) costs. Our costing model is approved by our Board of Directors and independent auditors review our financial statements on an annual basis. The costing model separates the *MPA* direct and indirect costs by service functions that include: licensing, compliance and enforcement services, helping consumers, classifying films plus public policy and sector relations.

Regulating the motion picture sector took up approximately 30.9% of Consumer Protection BC's annual expenditure in 2015. The costs for regulating the motion picture sector in BC totaled $1.6 million in 2015.

Number of Inspections:	2013	2014	2015
Video retailers	65	62	29
Theatres	9	12	15
Motion picture distributors	0	3	0
TOTAL	74	77	44

Inspection Outcomes:	2013	2014	2015
Video retailers			
No action required	10	11	2
Remedial action required	2	0	0
Follow-up required	52	47	22
Report to Director	1	4	5
Theatres			
No action required	6	5	7
Remedial action required	0	4	1
Follow-up required	3	2	6
Report to Director	0	1	1
Motion picture distributors			
No action required	0	2	0
Remedial action required	0	1	0
Follow-up required	0	0	0
Report to Director	0	0	0
TOTAL	74	77	44
TOTAL APPROVED	18 (24%)	23 (30%)	34 (77%)
TOTAL UNACCEPTABLE	56 (76%)	54 (70%)	11 (25%)

Case Outcomes:			
Video retailers			
Favourable	56	45	25
Unfavourable	1	6	1
No outcome	1	1	1
Theatres			
Favourable	1	2	1
Unfavourable	0	0	0
No outcome	1	2	3
Motion picture distributors			
Favourable	1	0	2
Unfavourable	0	0	0
No outcome	0	0	1
TOTAL	61	56	34
TOTAL APPROVED	58 (95%)	47 (81%)	28 (82%)
TOTAL UNACCEPTABLE	1 (1.6%)	6 (11%)	1 (3%)



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